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Chair: Ms. King ..... (Saint Vincent and the Grenadines)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.15 a.m.

Agenda item 133: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Proposed programme budget outline for the biennium 2018-2019 (A/71/428 and A/71/634)

1. **Ms. Bartsiotas** (Controller), introducing the report of the Secretary-General on the proposed programme budget outline for the biennium 2018-2019 (A/71/428), said that the proposal reflected the Secretary-General's vision of strict budgetary discipline — doing more with less to find new and better ways to deliver on the Organization's mandates. The preliminary estimate of just over $5.4 billion reflected an increase of $21.2 million compared to the current appropriation for 2016-2017, primarily due to initiatives being considered at the current session. Compared to the final expenditures of just under $5.7 billion for 2014-2015, the proposed outline reflected a decrease of $259 million.

2. The outline followed the process set out in General Assembly resolutions 41/213 and 63/266, and reflected the priorities proposed for the work of the Organization in line with resolution 71/6. The Assembly had repeatedly reaffirmed that the budget outline should provide a greater level of predictability of resources required for the following biennium. In accordance with the Assembly's request in resolution 63/266, annex II to the report provided a full picture of all necessary resources estimated for the biennium 2018-2019.

3. The starting point for the preliminary estimate of resources had been the appropriations currently approved for 2016-2017. The outline also reflected the delayed impact of 70 posts established in 2016-2017, which would require an additional $11 million, partly offset by a $2.5 million reduction for posts abolished in 2016-2017; the removal of one-time costs in the amount of $79 million; and the inclusion of an additional $4.9 million for new mandates and initiatives, such as the implementation of the policy of human rights screening for United Nations personnel; the strengthening of security and safety requirements for the United Nations Relief and Works Agency for Palestine Refugees; and the occupational health and safety programme.

4. The proposed resources for special political missions maintained the current level of the appropriation at $1.124 billion. That amount would be subject to change if new missions were established or the mandates of existing missions were revised. The proposed resource requirements for the United Nations Mission in Colombia for 2017, which had been issued a few days earlier, would increase the proposal by $128.3 million.

5. Annex II to the report provided information on initiatives currently before the Assembly and foreseeable items that might affect the budget outline, in an estimated amount of $86.9 million. It also included reductions of $27.8 million related to the realization of benefits from the Umoja enterprise resource planning project. The Secretary-General was mindful of Member States' significant financial and political investment in Umoja, whose implementation was harmonizing business processes, redefining roles and responsibilities, reducing duplication of work and enabling new service delivery models. The Secretary-General and the senior management team remained committed to realizing qualitative and quantitative benefits in the range of $140 million to $220 million by 2019. As indicated in the eighth progress report on the enterprise resource planning project (A/71/390), the cumulative benefits would reach $163.7 million by the end of 2019.

6. The information in annex II was changing as the General Assembly continued to consider items with budgetary implications. Based on the latest information, the preliminary estimate since issuance of Secretary-General's report stood at $5.58 billion, which was still below the final expenditure level for 2014-2015. An updated annex II would be provided to the Fifth Committee during informal consultations.

7. It was proposed that a single consolidated report on all programme budget implications should be submitted in order to provide a holistic view and streamline the review process for the Advisory Committee and Fifth Committee. The proposal would be implemented on a trial basis for the biennium 2018-2019 and a review of the trial would be presented in the context of the proposed programme budget for the biennium 2020-2021 in order to enable the Assembly to take a decision on its continuation.

8. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/71/634), said that the Advisory Committee questioned the inclusion, in the aggregate amount of the preliminary estimate for the biennium 2018-2019, of initiatives or activities not yet considered by the General Assembly. It reiterated that the budget outline document should clearly distinguish between two parts: one part that only covered estimates for established activities and a second part that only covered estimates for activities or initiatives yet to be considered or under consideration by the General Assembly.

9. With respect to the proposal to consolidate the statements of programme budget implications of all draft resolutions recommended by the Main Committees for adoption by the Assembly and to submit one report for review by the Advisory Committee and the Assembly by 1 December, the Advisory Committee was not convinced that the new approach would yield any significant benefits and therefore recommended against the proposal.

10. **Ms. Wairatpanij** (Thailand), speaking on behalf of the Group of 77 and China, said that the proposed programme budget outline should provide the fullest possible picture of the Organization's estimates of resources for the next biennium and that a number of activities currently under consideration or yet to be considered by the General Assembly might result in an increase in the budget level. She reiterated the importance of having adequate resources in order for the Secretariat to fulfil the mandates agreed by the Member States. Noting that the preliminary estimates indicated a budget outline level of $5,429.9 million for the biennium 2018-2019, subject to updates to be submitted in the form of supplementary information, she requested that such updates be provided to the Committee at the earliest possible date.

11. The Group reiterated its concern that the preliminary estimates for special political missions, amounting to $1,124.4 million, represented more than 20 per cent of total regular budget resources. The resulting imbalance, and the fact that an increasing proportion of the regular budget was devoted to peace and security activities, could adversely affect the Organization's development activities. That trend was contrary to the priorities established by the Assembly and might hinder the Organization's ability to deliver its mandates effectively, particularly under the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda.

12. The Group agreed with the comments of the Advisory Committee concerning the inconsistencies in the presentation of the budget outline document, which affected its clarity and the transparency of the calculation of the budget outline level and resource changes between bienniums.

13. With respect to the projected Umoja benefits realization amount of $27.8 million for the biennium 2018-2019, a detailed analysis of the total costs and benefits of Umoja was still pending and therefore it was inappropriate at the current stage to accept the decreases attributed to Umoja in the proposed budget outline.

14. Taking note of the projected requirements in the amount of $512,600 for the project management team for the global service delivery model, she pointed out that a detailed proposal on that model and the related resources would be subject to the Assembly's decisions on the matter at the current session.

15. The Group remained deeply concerned at the recent practice of proposing reductions of resource levels in the budget outline, as they did not represent efficiencies but rather reductions of achievable targets, with no clear explanation of how they would be completed, which could have a negative impact on programmatic activities. The Group would follow that issue closely, bearing in mind previous observations, comments and recommendations of the Advisory Committee and the Board of Auditors.

16. The Group was firmly committed to the budgetary process established by General Assembly resolutions 41/213 and 42/211, which had laid the foundations for the Committee's work, stipulating how the budget would be prepared and under what terms the Committee would negotiate it. The inconsistencies identified by the Advisory Committee in the presentation of the Secretary-General's report on the proposed programme budget outline (A/71/428) were a matter of concern. The proposed consolidation of statements on programme budget implications of draft resolutions would unnecessarily delay the work of the

Assembly and would not benefit the work of the Fifth Committee.

17. Under the Charter, the General Assembly was the only body authorized to consider and approve the budget of the United Nations, and the role of the Fifth Committee in budgetary and administrative matters should be respected. As had been done in the past, the Committee should convey to the other Main Committees in writing that they should refrain from interfering with those prerogatives.

18. **Ms. Baumann** (Switzerland), speaking also on behalf of Liechtenstein, said that the Member States had a responsibility to provide the Organization with strategic guidance by ensuring that it had adequate resources allocated to the areas of greatest impact and that those resources were used efficiently. The current system of budgeting and planning in the United Nations, which included the budget outline, was dysfunctional and must be reformed. Because the programme planning and budget cycle spanned five years whereas the regular budget was biennial, programme plans were often outdated by the time resources were approved and the budget was established. In addition, the programme performance and financial performance of the Organization were not considered concurrently. Accordingly, the important link between resource allocation and past performance was not established and the Member States made decisions without considering programme performance. Instead of striving for clear results and guiding the Organization's strategic orientation in an informed way, Member States were micro-managing the allocation of resources by authorizing the establishment and abolition of individual posts.

19. Furthermore, it was possible for the Organization to achieve its mandated objectives in the area of peace and security more effectively, with existing resources, by strengthening its work on conflict prevention. Prevention was better than a cure, yet peacekeeping received the bulk of assessed contributions while few resources were allocated to mediation and conflict prevention. In addition, given the interlinkage of peace, security and human rights, a strong human rights pillar was needed that could fully implement mandated activities and effectively promote and protect human rights. Such action would in turn strengthen conflict prevention and promote peace and security.

20. There was great potential to increase the effectiveness of the United Nations by reforming the Organization and its budget process. She therefore strongly encouraged the Secretary-General-designate to continue the reforms under way and guide the Organization through an efficient results-based budgeting process.

21. **Mr. De Preter** (Observer for the European Union), speaking on behalf of the candidate countries Albania, Montenegro, Serbia, the Former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the consideration of the budget outline was a unique opportunity to assess resource needs and demonstrate an approach based on a real understanding of the costs of delivering mandates. Yet again, however, the proposal before the Committee was a list of additions to the current budget. Reprioritization and a review of existing structures should be at the centre of each budget cycle, particularly given the number of new initiatives currently under way. The 2030 Agenda and the Umoja project were landmark reform initiatives that should enable the United Nations to work more effectively and efficiently to deliver its mandates using a budget based on a proper evaluation of actual requirements.

22. The incremental approach to budgeting was a matter of serious concern. The methodology for establishing the outline was unexplained and the figures were confusing and sometimes contradictory. The overall approach lacked strategic depth and it was unclear which items were included in the outline and which remained to be added. In informal consultations, the European Union would seek clarification of the items in annex II marked "to be determined".

23. The limited benefits derived from Umoja were disappointing and the European Union would welcome clarification of the overall benefits to be expected by 2019. Moreover, the status of the global service delivery model was confusing. The Organization must intensify efforts to improve its working practices so as to manage resources as efficiently and effectively as possible; the leadership of the Secretary-General and

his senior managers would be vital in ensuring Organization-wide commitment to that aim.

24. The Secretariat should manage inflationary pressures and exchange rate fluctuations as predictably and prudently as possible. The European Union would continue to scrutinize the practice and methodology of recosting so as to limit its scope.

25. The European Union questioned the current use of the contingency fund, as no reprioritization was conducted and no mandate implementation was ever deferred to the next biennium when the fund reached its limit, as provided for in General Assembly resolution 41/213.

26. The budget outline should be a modern management tool that helped to manage budget discipline and reprioritize for new and emerging needs while ensuring financial predictability. The current proposal was neither designed nor used for that purpose. As a result, the Member States struggled to finance new priorities while maintaining resources for outdated or low priority issues and suboptimal business procedures or management practices.

27. **Ms. Iwatani** (Japan) said that it was regrettable that the proposed budget outline was being introduced late in the session, leaving little time for its meaningful consideration by the Committee. Despite the concerns expressed by her delegation and others about the practice of merely extending the current budget in a process of incremental budgeting, the current proposal was unchanged as to methodology or format. She shared the Advisory Committee's view on the need to clearly distinguish between estimates for mandated activities and estimates for activities or initiatives yet to be considered by the Assembly, as well as the lack of consistency in the presentation of the budget outline document.

28. Her delegation had in the past drawn attention to irregular circumstances or inconsistencies in the issuance of oral statements of programme budget implications upon the adoption of draft resolutions. The purpose of the resolutions, rules and regulations concerning draft resolutions that involved financial implications was to ensure that the Member States, who would pay assessments once such draft resolutions were adopted, could make informed decisions in a timely manner. The prerogatives of the Fifth Committee on budgetary and administrative matters did not mean that other Main Committees should be left without the necessary information about the financial impact of their decisions. Her delegation would bear those considerations in mind while examining add-ons to the preliminary estimates, in particular the revised estimates for the Economic and Social Council and the financial implications arising from draft resolutions of the General Assembly.

29. Noting the Umoja benefits reflected in the preliminary estimates for 2018-2019, she said that her delegation would like to see further efficiencies and savings and would therefore pay close attention to items relating to management reforms. She concurred with the Advisory Committee's recommendation against the proposal to consolidate the statements of programme budget implications; strict adherence to the existing rules and the timely submission of documentation would better serve the purposes of the Member States. Lastly, her delegation supported the Secretary-General's proposal on the size of the contingency fund.

30. **Ms. Norman Chalet** (United States of America) said that during the 22-year period from the biennium 1978-1979 to the biennium 2000-2001, the budget of the United Nations had remained flat, accounting only for inflation. The period from 2000-2001 to 2010-2011 had seen unprecedented expansion of the budget. Greater budgetary discipline had been instilled since then, which had enabled the budget to return to the historic trend of little or no growth. Notwithstanding the many new financial requests before the Committee at the current session, it was imperative not to allow that trend to be reversed.

31. It was disappointing that the budget outline process for the biennium 2018-2019 had involved starting with the approved budget for the current biennium with the expectation that additional requirements would merely be added to the existing level of resources. There appeared to be no process for a meaningful review of the previous budget to see how mandates could be streamlined or delivered more cost-effectively. To accommodate added resource requirements while maintaining budgetary discipline, the budget process itself must be reformed so as to scrutinize core cost drivers, such as staff costs, review the effectiveness of mandates, and seek opportunities

to reduce duplication and redundancies. Such an effort had been called for during the discussion of the 2030 Agenda and should be replicated for all pillars of the United Nations, including peace and security. It was also necessary to derive the greatest possible advantage from the expected savings from change management initiatives, notably Umoja and the implementation of the International Public Sector Accounting Standards. Her delegation would also examine the practice of recosting, which affected budgetary discipline.

32. Her delegation remained concerned at the current practice whereby committees and other bodies were informed of the programme budget implications of their decisions only once they had completed their negotiations. Moreover, there had been many instances in which a statement of programme budget implications did not match the intent of the negotiators of the text. The process must be revamped so that committees received financial information at an early stage and could negotiate with knowledge of the financial implications of their decisions. Such an approach would not abrogate the responsibility of the Fifth Committee for making the final decisions in financial matters.

33. **Mr. Khalizov** (Russian Federation) said that his delegation took note of the proposed budget outline for 2018-2019 showing overall estimates of $5.43 billion, a slightly higher level than the budget for the current biennium. The final decision on the budget outline should be based on a realistic assessment of the Organization's resource requirements.

34. His delegation was not opposed to setting the level of the contingency fund at 0.75 per cent of the total budget for 2018-2019. It did not agree, however, that the budget outline should contain estimates for initiatives not yet approved by intergovernmental bodies, a practice that was not conducive to budgetary discipline. Resource requirements for unapproved mandates should be presented separately.

35. His delegation concurred with the Advisory Committee that the resource requirements for the maintenance of special political missions were not adequately justified. Those requirements, which accounted for one quarter of the regular budget, must be thoroughly scrutinized.

36. The forthcoming budget should take into account the Advisory Committee's recommendations on the timely transition to the new staff compensation package and should clearly present the costs and benefits of implementation of the Umoja system.

Agenda item 134: Programme budget for the biennium 2016-2017 (*continued*)

Revised estimates under section 7, International Court of Justice (A/71/560 and A/71/635)

37. **Ms. Bartsiotas** (Controller), introducing the report of the Secretary-General on revised estimates relating to the programme budget for the biennium 2016-2017 under section 7, International Court of Justice (A/71/560), said that the International Court of Justice, by an order of 31 May 2016, had decided to arrange for an expert opinion in the case of *Maritime Delimitation in the Caribbean Sea and the Pacific Ocean (Costa Rica v. Nicaragua)*. Two independent experts had been appointed on 16 June 2016 and the Registry had made arrangements for secretarial and other support of their mission.

38. The estimated requirements to carry out the Court's order amounted to $170,000. The sum of $50,000 had already been provided by the Secretary-General under General Assembly resolution 70/250 on unforeseen and extraordinary expenses for 2016-2017, and the related appropriation would be sought in the context of the first performance report. An additional $120,000 was requested in the present revised estimates. The proposed resources would cover the experts' fees, their travel costs for on-site visits, consultations with members of the Court and attendance at Court hearings in The Hague, and the travel costs of two Registry officials appointed to provide secretarial assistance.

39. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/71/635), said that the Advisory Committee had been informed that the proposed requirements included $20,000 to cover the travel costs for two Registry staff members. The Advisory Committee considered that those expenses should be absorbed by the budget of the Court in the initial appropriation for 2016-2017. It therefore recommended that the General Assembly should authorize the

Secretary-General to enter into commitments in the amount of $100,000 to provide for the requirements of the International Court of Justice for the biennium 2016-2017 and request him to report thereon in the second performance report.

40. **Mr. Chamlongrasdr** (Thailand), speaking on behalf of the Group of 77 and China, said that the Group reiterated its position that the level of resources approved by the Assembly must be commensurate with all mandated programmes and activities to ensure their full and effective implementation. Given the unpredictable and complex nature of the workload of the International Court of Justice, its resource requirements should be duly assessed and adequate funding should be appropriated. The appointment of experts in the case in question was a sovereign decision taken by the Court, the principal judicial organ of the United Nations. Bearing in mind the unavailability of extrabudgetary resources for the Court and the 10 per cent resource reduction for the current biennium compared to the appropriation for 2014-2015, the Court should be provided with the additional resources required to discharge its functions. The Group therefore supported the Secretary-General's request in the amount of $120,000 to cover all related expenditure for the completion of the case as mandated.

The meeting rose at 11.05 a.m.